

EXHIBIT

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From: Evan Milazzo <emilazzo@fxcm.com> on behalf of Evan Milazzo
Sent: Thursday, September 01, 2011 05:12 PM
To: John Wrobel
Subject: RE: Compliance Concerns

I think we'll start working on it next week (I have to set priorities for Alex Kochel to work on, and this is the top priority at the moment). However, if it takes more time than I would expect it to, then I will move it back down the priority list.

From: John Wrobel
Sent: Thursday, September 01, 2011 5:07 PM
To: Evan Milazzo
Subject: RE: Compliance Concerns

Is there any chance I could least give Compliance a date as to when the effex adapter matter will start to be addressed? Not fixed, but just started on?

Thanks,

John

From: James Sanders
Sent: Thursday, September 01, 2011 3:59 PM
To: Rion Walker; John Wrobel
Subject: RE: Compliance Concerns

John:

The point is that Jason Tanner has noted concerns regarding execution delays in the past. I realize that given our volume you can make the 99.9% argument. However, from my perspective we are still just one incident away from having to explain the issue in a much more detailed manner. If there is an Effex delay during a period of high volatility or a news event then thousands of orders could be affected potentially. I agree with you that we do not believe this is life threatening, but we want you to understand that this still needs to be attended to. I don't want the lack of a large number of hanging incidents create the impression that nothing has to be done here.

James

From: Rion Walker
Sent: Thursday, September 01, 2011 4:31 PM
To: John Wrobel; James Sanders
Subject: RE: Compliance Concerns

John,

Like I mentioned before if you're ok with it I am ok with it I trust your guidance. Thank you for following up.

From: John Wrobel
Sent: Thursday, September 01, 2011 3:30 PM
To: Rion Walker; James Sanders
Subject: RE: Compliance Concerns

3. Correct me if I'm wrong but the risk seems fairly low to me. Not saying that the fix to effex adapter is not important, but moving it ahead of other important projects we would need a little more evidence that the delays are a hot button issue with customers or regulators and needs to be made the highest priority. Given that we send over 50,000+ orders on a daily basis to NFA and in the last 5 months we have had maybe 1,000 reported delayed orders then non-delayed orders are running about 99.9%.

From: Rion Walker
Sent: Thursday, September 01, 2011 2:53 PM
To: John Wrobel; Evan Milazzo; James Sanders
Cc: Arif Oomer; Luke Quinn
Subject: RE: Compliance Concerns

John,

- 1) Open inquiry with Vovan sent on Monday.
- 2) For Bid/Ask that's fine I am not trying to rush you as can understand the sensitive nature of the document. Any game-plan on markups? This is a different issue that has nothing to do with Bid/Ask we need to know if it's possible to do what they're asking in this area, if not we need a game-plan. Productions efforts have eased tensions greatly but you must understand that it is only temporary we can't just retreat on this indefinitely.
- 3) John I never insinuated that I was told Hanging orders wouldn't happen. My point is that they absolutely can happen (given the volume we have seen lately) and that your taking a calculated risk that if history serves as any guide as to the probability of an event occurring that probability is quite high without some system control in place to mitigate that risk. Therefore, we have some exposure here but again if your all ok with that risk then I am ok with it. My job is to merely make sure everyone understands that it's a risk going into the decision making process. I can recall 4 hanging events from this same provider in the last 5 months.

Kindest Regards,

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From: John Wrobel
Sent: Thursday, September 01, 2011 2:42 PM
To: Rion Walker; Evan Milazzo; James Sanders
Cc: Arif Oomer; Luke Quinn
Subject: RE: Compliance Concerns

1. Do you have an open inquiry with Production you're waiting on? Or just conversations with Paresh?
2. We'll have this soon enough. NFA has already told us the temp fix will reduce a lot of exceptions and inquiries from them. It is a delicate subject I'd rather not rush this
3. Didn't promise hanging orders wouldn't occur. Just that it's a manual process to reroute currently To my knowledge we have had two reportable incidents this summer regarding this and NFA has yet to really follow-up on this item? It seems it's not quite top of mind for them; I am thinking it can stay where it is on the priority list.

From: Rion Walker
Sent: Thursday, September 01, 2011 1:53 PM
To: John Wrobel; Evan Milazzo; James Sanders
Cc: Arif Oomer; Luke Quinn
Subject: RE: Compliance Concerns

Hi all,

- 1) This incident is significant because we were relatively lucky the client as an ECP. Had he not been an ECP this would have been a reportable event in the adjustments file, given the size of the adjustment it would have warranted several questions from NFA. We would like to get an understanding of why, or better how this happened so that we don't have regular retail clients effected. Also, from a control perspective it is concerning that a couple of weeks have gone by since the incident occurred and still we have no plausible explanation about the underlying nature of issue. From what I can tell based on what I have heard it is possible this ECP was using an API that was feeding us off market orders that were somehow executed by the system. Another reason for concern was in our conversations with Paresh he indicated that this is something he cannot detect ahead of time to prevent from happening so we want to ensure there is a possible solution on the technology front.
- 2) We understand there is a document that will be produced to senior management at NFA, which we have no issue with the strategy that you have chosen to take given the technical limitations of integration. However, NFA will want to have a sit down to discuss long term solutions after September 9th so we have time, but I want to get have a dialogue with them right after the short term fix that discusses why we cannot do what they're asking. Also, please don't forget that Bid/Ask is only one part of the problem they also want mark up schedules in the report to help them analyze fill and contra fill data. Without these markups it makes that type of analysis difficult, if not impossible. It is my understanding that markups and the streaming of raw prices in the report has not even been addressed or discussed.
- 3) Evan – I don't know that I can provide you the guidance you seek. Reason being that if with every market event NFA comes calling asking questions. Given the sensitivity of the counter party involved we would prefer these events don't happen so that we do not draw unwanted attention. If you recall when they ask about these events they also want to know what in the system broke down and why or how it was fixed. So if you are confident we won't have any hanging order issues I am confident, your are the expert in this area and I trust your guidance.

Kindest Regards,

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From: John Wrobel
Sent: Thursday, September 01, 2011 1:34 PM
To: Evan Milazzo; James Sanders; Rion Walker
Cc: Arif Oomer; Luke Quinn
Subject: RE: Compliance Concerns

1. I am not in the loop on this one either. The only thing I was asked is if ECPs will show up on the adjustment report. Rion, you then told me later that the ECP was Ted Carter.
2. We have temp fix in place for this that will buy us time, but we still need the letter has there will be no final solution for bid/ask. I sent over a draft last week, but then turned attention to the temp fix.
3. I have explained the same after the last incident. What is the current question?

From: Evan Milazzo
Sent: Thursday, September 01, 2011 1:08 PM
To: James Sanders; John Wrobel; Rion Walker
Cc: Arif Oomer; Luke Quinn
Subject: Compliance Concerns

Hi James, John, and Rion,

James messaged me earlier about a few points. To be honest, I am a bit out of the loop due to my time out of the office and a few projects occupying my attention. In any case, the points are below, along with my questions/comments:

1. Ted Carter trade issue – I had heard about a few trades in EUR/USD being booked at AUD/USD rates. Is this the problem reported? If so, do I need to step in to get a full answer from the production team on what happened?
2. Bid/Ask in NFA reports – John, as we discussed before I left, we were going to draft an email to Drew about this topic. Are you waiting on me for it? I forget where we left off.

3. EFFEX hanging orders – The problem is caused by the fact that the EFFEX adapter is different technology than the rest of the bank adapters. With the rest of the bank adapters (FIX or Java adapters), when we send a trade request from the Execution Engine to the Adapter, the Execution Engine receives an acknowledgement of receipt of that order from the Adapter. If the acknowledgement does not come within N seconds, the order is rerouted to another bank. The EFFEX Adapter does not support these acknowledgement messages, therefore the timer cannot start on the orders. Fixing this is not a trivial task, but I think we will be able to resolve it in a few weeks (no exact ETA, because there are a few other projects in queue: CNBC, Active Trader middleware fixes, ECN project). From what I understand, this issue has only arisen a few times, and the EFFEX system is generally very stable. In the case of a hanging order, we are able to manually intervene and reroute the order. Is there a pressing concern on this issue that warrants moving its priority above the Active Trader middleware or ECN projects?

Thanks,
Evan